Declassified in Part - Sanitized Copy Approved for Release 2016/07/15 : CIA-RDP79T00936A012400010008-1

The President's Daily Brief

December 10, 1974

6

~~*Top Secret*~~ 25X1

Declassified in Part - Sanitized Copy Approved for Release 2016/07/15 : CIA-RDP79T00936A012400010008-1

Declassified in Part - Sanitized Copy Approved for Release 2016/07/15 : CIA-RDP79T00936A012400010008-1

Exempt from general
declassification schedule of E.O. 11652
exemption category 5B(1),(2),(3)
declassified only on approval of
the Director of Central Intelligence

Declassified in Part - Sanitized Copy Approved for Release 2016/07/15 : CIA-RDP79T00936A012400010008-1

Declassified in Part - Sanitized Copy Approved for Release 2016/07/15 : CIA-RDP79T00936A012400010008-1

December 10, 1974

Table of Contents

Saudi Arabia: Action is under way toward some easing of oil price increases. *(Page 1)*

France: The issue of replacing the F-104s will probably be on the Martinique agenda. *(Page 2)*

Vietnam: Further information remains consistent with our belief that the Communists plan an ambitious military campaign for the first half of 1975. *(Page 3)*

Japan: The new cabinet reflects Miki's effort to balance powerful interests in the Liberal Democratic Party. *(Page 5)*

Laos: Prime Minister Souvanna resumes an active role. *(Page 6)*

Notes: Thailand-China; Saudi Arabia; South Korea *(Page 7)*

Declassified in Part - Sanitized Copy Approved for Release 2016/07/15 : CIA-RDP79T00936A012400010008-1

Declassified in Part - Sanitized Copy Approved for Release 2016/07/15 : CIA-RDP79T00936A012400010008-1

SAUDI ARABIA

Saudi Arabia is taking action toward some easing of oil price increases.

Minister of Oil Yamani has told the US ambassador in Jidda that Saudi Arabia will offer 40 percent of its government-owned crude at 90 percent of the new posted prices. (Government-owned crude accounts for 60 percent of oil production from Saudi Arabia.) Even with this reduction, the government take will still be between 26 and 34 cents per barrel higher than it was before the most recent price boost.

Yamani assured the ambassador that agreement is almost certain in negotiations now under way in London between Saudi Arabia and Aramco parent companies, and that the prices of the oil allotted to the companies might be reduced. He did not indicate the amount of the possible reduction. The negotiations are scheduled to conclude today.

The Saudis are also considering a new arrangement on payments which reportedly would allow consumers to pay for 75 percent of their oil in cash and defer payment on the remainder. This would, in effect, be a loan from the producers to the consumers.

Declassified in Part - Sanitized Copy Approved for Release 2016/07/15 : CIA-RDP79T00936A012400010008-1

Declassified in Part - Sanitized Copy Approved for Release 2016/07/15 : CIA-RDP79T00936A012400010008-1

FRANCE

Senior French officials are beginning to talk seriously of trying to reach a "compromise" with the US on the issue of replacing the F-104s. Defense Minister Soufflet told Ambassador Rush late last week that the issue would undoubtedly be on the Martinique agenda.

Soufflet spoke to the ambassador of the possibility of French participation in a US contract to build the planes. He rejected a subcontractor role for the French. He spoke wistfully of market sharing and did not rule out French participation in the production of fighter replacements should the contract go to a US firm.

Shifting tack slightly, Soufflet mentioned the possibility of a trade-off in the civil aeronautics field. He referred specifically to the Concorde and Airbus, both of which are currently in difficulty because of severely limited markets.

25X1

The political climate in France is still much opposed to compromise in the contest on fighter replacement. General Paul Stehlin's memo advocating cooperation with the US aeronautical industry, which was leaked to the French press in early November, caused a political furor in which Gaullists capitalized on chauvinistic and anti-US feelings aroused by the incident. Since then, Stehlin's views have received some support from Servan-Schreiber's centrist party.

President Giscard continues to rely on the Gaullists for his parliamentary majority. They can be expected to oppose any cooperation with the US on a fighter program. Giscard, however, faced with loss of the entire contract, could make a strong economic case for their cooperation.

Declassified in Part - Sanitized Copy Approved for Release 2016/07/15 : CIA-RDP79T00936A012400010008-1

Declassified in Part - Sanitized Copy Approved for Release 2016/07/15 : CIA-RDP79T00936A012400010008-1

VIETNAM

The most recent information appears to be consistent with our belief that the Communists plan to carry out in the first half of 1975 their most ambitious military campaign in South Vietnam since the cease-fire in January 1973. Reporting suggests that the scale of fighting will be less than that of a "general offensive," however, and that the Communists hope to achieve their objectives by relying primarily on the force structure they already have built in the South.

Hanoi's seasonal effort to resupply this structure has begun. Several major North Vietnamese logistic headquarters have shifted into northern South Vietnam, and the Communists are now moving large quantities of war materiel through this area. The shipments include unusually large amounts of artillery ammunition. One intercept noted that 58 130-mm. field guns were being transported through this sector. Many of the supplies are earmarked for the central highlands and the southern half of the country. This materiel adds to already imposing Communist stockpiles.

In southern South Vietnam, the Communists have reorganized their forces to improve their effectiveness. 25X1

25X1

25X1

There are tenuous signs that Hanoi may move in combat units from Laos. One low-level report, for example, claims that the North Vietnamese 968th Division will shift from southern Laos to the central highlands. The 968th sent one of its subordinate regiments into the highlands earlier in the year. This division is one of the units scheduled to receive replacements from the North. If the 968th does relocate to the highlands, the force balance there will tilt in favor of the Communists.

(continued)

Declassified in Part - Sanitized Copy Approved for Release 2016/07/15 : CIA-RDP79T00936A012400010008-1

Declassified in Part - Sanitized Copy Approved for Release 2016/07/15 : CIA-RDP79T00936A012400010008-1

Hanoi also has continued to strengthen its already large strategic reserve in North Vietnam and recently converted one of its former training divisions--the 338th--into a line unit. The North Vietnamese now have seven line divisions in their reserve.

This large pool of combat units provides Hanoi with the capability of committing additional forces to battlefields in the South. But none of the reserve divisions shows any sign of moving south at this time.

* * *

Increased Communist military activity in the delta, which began last week, continues with emphasis shifting from the central and southern sectors to the northern delta. Most of the attacks are shellings and small-scale ground assaults against the more remote government outposts. Government commanders are realigning their forces to contain the latest Communist initiatives as well as to prepare for anticipated larger actions by main force units.

Declassified in Part - Sanitized Copy Approved for Release 2016/07/15 : CIA-RDP79T00936A012400010008-1

Declassified in Part - Sanitized Copy Approved for Release 2016/07/15 : CIA-RDP79T00936A012400010008-1

JAPAN

The new slate of cabinet and party officers named yesterday reflects an attempt by Prime Minister Miki to balance powerful interests in the ruling Liberal Democratic Party. The appointments do not signal any major policy changes, but there is more opportunity for rivalries to disrupt the government at the top policy level.

All major factions of the party are represented:

--Takeo Fukuda, aging leader of the party's conservative wing, is deputy prime minister and director of the Economic Planning Agency. Three of his supporters also received cabinet or party posts.

--Masayoshi Ohira, Fukuda's chief rival, remains as finance minister. Four of Ohira's supporters received cabinet posts, including the foreign affairs and defense portfolios. The new foreign affairs minister, Kiichi Miyazawa, is both very able and well disposed toward the US.

--Four of Kakuei Tanaka's supporters are also in the new cabinet.

--Yasuhiro Nakasone, who played a key role in Miki's selection last week, is now secretary general of the party.

25X1

Miki has improved his position somewhat by the team he has been able to put together, but he will clearly have to rely more on persuasion and maneuver than on the factional support his predecessors possessed in managing the party and the cabinet. None of his supporters hold important party posts, and only two are members of the cabinet.

Declassified in Part - Sanitized Copy Approved for Release 2016/07/15 : CIA-RDP79T00936A012400010008-1

Declassified in Part - Sanitized Copy Approved for Release 2016/07/15 : CIA-RDP79T00936A012400010008-1

LAOS

Prime Minister Souvanna's health held up well last week as he reassumed an active role in political meetings for the first time since his heart attack in July. He has broached to the King a plan that would transfer legislative authority from the dormant National Assembly to the Communist-dominated Joint National Political Council.

The cabinet meeting he chaired went rather smoothly, largely because the Pathet Lao and the rightists--as-well as Souvanna himself--took pains to avoid the most contentious issues. The controversial question of whether to recognize the Viet Cong's Provisional Revolutionary Government, for example, was not addressed.

The Prime Minister also met with Lao King Savang and the Council of Ministers to discuss procedures for dissolving the rightist-dominated National Assembly. Souvanna proposed that the assembly be replaced by the Joint National Political Council, which is headed by Communist leader Souphanouvong. The council would be given legislative authority, and its membership would be increased from 42 to 72. The 30 additional seats, like the original 42, would be shared equally between rightists and leftists.

The King reacted favorably to Souvanna's plan and said he would dissolve the assembly if constitutional procedures were followed to his satisfaction. This is easier said than done; the constitution predates formation of the coalition government and does not take into account present political realities.

The Communists seem content for now to follow Souvanna's lead in pressing for conversion of the Political Council into a new National Assembly. They clearly expect, not without reason, that this would bring the coalition's legislative machinery under their control.

Declassified in Part - Sanitized Copy Approved for Release 2016/07/15 : CIA-RDP79T00936A012400010008-1

Declassified in Part - Sanitized Copy Approved for Release 2016/07/15 : CIA-RDP79T00936A012400010008-1

NOTES

Thailand-China: The Thai National Assembly has taken a significant step toward rapprochement with Peking by repealing the 15-year ban on trade. A Thai trade delegation will leave later this week for North Korea and China, and the Thai have already let it be known that they are ready to talk about allowing a Chinese trade office in Bangkok. The presence on the delegation of Bangkok's ambassador to the US, who has been talking with the Chinese at the UN, indicates that the Thai are prepared to discuss political matters as well. Peking will be primarily interested in movement toward diplomatic relations. The Thai seem headed in that direction, but no definitive move is likely until after the newly elected government takes office next February.

•

Saudi Arabia: King Faysal has named Muhammad Masud acting minister of state for foreign affairs, succeeding the late Omar Saqqaf. Masud had been Saqqaf's deputy. The appointment is a holding operation

25X1

South Korea: Seoul and its supporters won a significant victory at the United Nations last night. A pro - South Korean resolution, stressing the continuing responsibility of the UN Security Council in maintaining the armistice on the Korean Peninsula, passed in the Political Committee by a vote of 61 to 42, with 32 abstentions. The resolution proposed by the Communist and Third World backers of North Korea, calling for an end to the US and UN roles in Korea--with no provisions for maintaining the armistice--received a 48-48 tie vote, with 38 abstentions. Under the Political Committee rules a tie constitutes a defeat; only the pro-Seoul resolution will be reported out to the plenary session of the General Assembly, where its passage is virtually assured. The voting last night will strengthen the US and South Korean hand in any negotiations involving Korea, but the process of bringing the two Koreas together is likely to be difficult and prolonged.

Declassified in Part - Sanitized Copy Approved for Release 2016/07/15 : CIA-RDP79T00936A012400010008-1

Declassified in Part - Sanitized Copy Approved for Release 2016/07/15 : CIA-RDP79T00936A012400010008-1

Top Secret

Declassified in Part - Sanitized Copy Approved for Release 2016/07/15 : CIA-RDP79T00936A012400010008-1